



12 November 2014

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL

PUBLIC CENSURE OF PYNE GOULD CORPORATION LIMITED BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR A BREACH OF NZX MAIN BOARD LISTING RULE 3.3.1(b).

1. The NZ Markets Disciplinary Tribunal (“**Tribunal**”) has approved a settlement agreement between NZX Limited (“**NZX**”) and Pyne Gould Corporation Limited (“**PGC**”) dated 31 October 2014 (“**Settlement Agreement**”) in respect of PGC’s breach of NZX Main Board Listing Rule (“**Rules**”) 3.3.1(b).

Summary

2. PGC is a New Zealand incorporated company with its ordinary shares quoted on the NZX Main Board. PGC is bound by the Rules.
3. On 29 July 2014, NZX became aware that PGC had failed to comply with its obligations under Rule 3.3.1(b); by ensuring the composition of its Board included at least two Directors who are ordinarily resident in New Zealand.
4. PGC has admitted the breach and accepts the penalties outlined below.

Background

5. On 7 July 2014, Michael Carolan, a non Independent Director of PGC, resigned from the PGC Board.
6. On 22 July 2014, NZX wrote to PGC noting Mr Carolan’s resignation and asking PGC to confirm the identity of its two New Zealand resident Directors.
7. In a letter to NZX dated 29 July 2014, PGC stated that it was unaware of Mr. Carolan’s proposal to resign until it was received. PGC also advised NZX that it was seeking to identify and appoint a second New Zealand resident Director.
8. On 29 July 2014, PGC applied to NZX for a temporary retrospective waiver from Rule 3.3.1(b).
9. On 6 August 2014, NZX indicated its intention not to grant PGC a waiver from Rule 3.3.1(b).

10. On 27 August 2014, Noel Kirkwood was appointed to PGC's Board as the company's second New Zealand Director. This was approximately seven weeks after Mr. Carolan's resignation.
11. Under Rule 3.3.1(b), PGC must ensure that the composition of its Board includes at least two Directors who are ordinarily resident in New Zealand.
12. From the date of Mr. Carolan's resignation on 7 July 2014, PGC had, until its appointment of Mr. Kirkwood effective from 27 August 2014, only one Director ordinarily resident in New Zealand, namely Bryan Mogridge.
13. PGC accepts that it breached its obligations pursuant to Rule 3.3.1(b).

Determination

14. The Tribunal considers breaches of the corporate governance provisions of the Rules a serious matter. The corporate governance provisions are important for the integrity of the market, and give investors confidence that directors have been appointed to represent shareholder interests. A breach of the corporate governance rules can bring NZX and the market into disrepute.
15. In determining to approve the Settlement Agreement, the Tribunal considered certain aggravating factors, including that:
 - a. PGC did not apply to NZX for a waiver from Rule 3.3.1(b) until three weeks after the breach, following a query from NZX.
 - b. PGC was in breach of Rule 3.3.1(b) for approximately seven weeks.
16. In determining to approve the Settlement Agreement, the Tribunal considered certain mitigating factors, including that:
 - a. PGC states that Mr. Carolan's resignation was unexpected.
 - b. PGC moved quickly to rectify the breach and appoint a suitable new Director.
 - c. PGC has not previously been referred to the Tribunal.

Penalties

17. NZX and PGC have reached a settlement and agreed that:
 - a. This public censure by the Tribunal will be made.
 - b. PGC will pay to the NZX Discipline Fund \$8,000 by way of penalty (plus GST, if any) for its breach of Rule 3.3.1(b).
 - c. PGC will pay the costs of the Tribunal (plus GST, if any).
 - d. PGC will contribute \$3,200 towards the costs of NZX (plus GST, if any).

Approval

18. The Settlement Agreement is approved by the Tribunal pursuant to Rule 10 of the NZ Markets Disciplinary Tribunal Rules (“**NZMDT Rules**”), and as such, the Settlement Agreement is the determination of the Tribunal.

Censure

19. The Tribunal hereby publicly censures PGC for its breach of Rule 3.3.1(b).

The Tribunal

20. The Tribunal is a disciplinary body which is independent of NZX and its subsidiaries. The Financial Markets Authority approves its members. Under the NZMDT Rules, the Tribunal determines and imposes penalties for referrals made to it by NZX in relation to the conduct of parties regulated by the market rules.

Dated 12 November 2014